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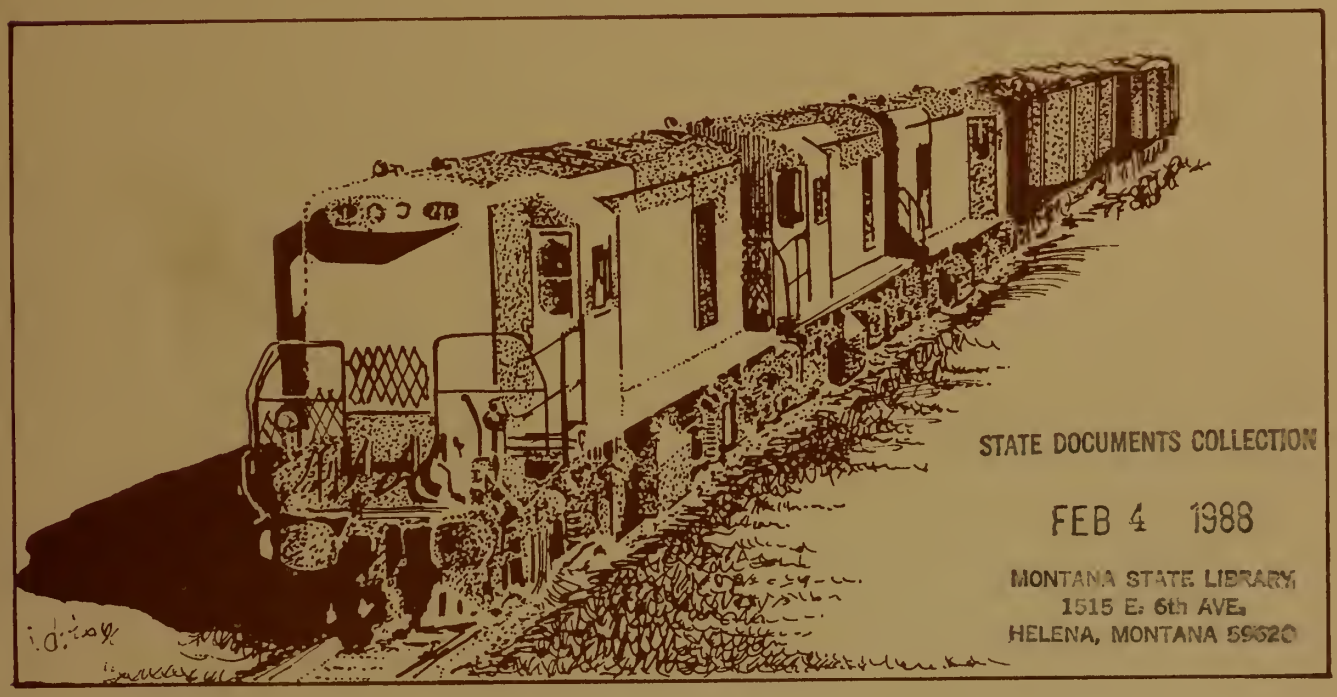
1985-86 SUPPLEMENT



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FINAL REPORT

MONTANA
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MONTANA RAIL PLAN

1985-86 SUPPLEMENT

Prepared
for the
FEDERAL RAILROAD ADMINISTRATION

Prepared
by the
TRANSPORTATION DIVISION
MONTANA DEPARTMENT OF COMMERCE

December, 1987

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CHAPTER 1

INTRODUCTION

This publication will be used as an addendum to the 1984 Montana Rail Plan Update published in May, 1985. It represents Montana's fifth publication of its initial State Rail Plan published in August, 1979. As an addendum, the 1985-86 Supplement is not a stand-alone publication and should be used in conjunction with the 1984 Update.

PURPOSE

This document is intended to provide a description of the three rail projects undertaken by the Montana Department of Commerce (MDOC). The first two projects are located in the Anaconda and Lewistown areas, respectively, and the third project is an evaluation of the state's southern mainline rail system.

The first project is to assist Rarus Railway (Rarus) in the construction of 750 feet of rail siding to accommodate hopper cars used by RDM Multi-Enterprises Inc. These cars are used to load shipments of slag at the RDM plant site which presently utilizes the Rarus mainline as the primary loading site. Project initiation is projected for the 1987 construction season.

The second project is the construction of the Spring Creek Wye on the Central Montana Rail (CMR) line. Construction would

consist of approximately 4,300 feet of new track connecting two existing rail lines, and would alleviate the need to rehabilitate the Spring Creek trestle. This project, too, is targeted for the 1987 construction season.

Finally, the Supplement will focus on an evaluation of Burlington Northern's (BN) southern mainline rail system between Mossmain (near Laurel) and Sandpoint, Idaho.

METHOD OF ANALYSIS

The method of analysis used in this publication is the same as that used in the 1984 Update. Please refer to pages 4-1 through 4-14 of the 1984 Montana Rail Plan Update for a thorough understanding of the approach used on the aforementioned construction projects.

REVISIONS TO THE UPDATE

The majority of the information presented in the 1984 Montana Rail Plan Update accurately presents the rail situation in Montana as of this date. The Rail Planning Process, the State Rail Policies and Objectives, and the State Energy Policy presented in the introduction of that document have not been changed and will not be restated here.

FUNDING PROCESS

Local Rail Service Assistance (LRSA) funds available to the individual states are allocated by the Federal Railroad Administration (FRA) based on the number of eligible rail line

miles in each state in relation to the national eligible rail mileage. The formula requires that each state receive at least one percent of the available funds; however, due to declining appropriations in the LRSA program in 1987, each state is allocated $50,000 for rail planning. The remaining national rail appropriations are administered on a discretionary allocation by the Secretary of Transportation on a national project-by-project basis. By federal law, a maximum of 70 percent of a rail project may be funded by this program. The other 30 percent must come from a nonfederal source. The State of Montana does not utilize any state funds for this purpose and requires other parties (such as the owning railroad) to participate.

Table 1-1 gives a breakdown of the federal funds received for Montana's rail planning program. Federal funds available to the State of Montana have dwindled considerably since the inception of the program. Furthermore, it is anticipated that the current LRSA program will be sunset in Fiscal Year 1988. As it is now, funds have been reduced to such a level that it is necessary to limit the number of projects to a select few. The irony of the situation is that the need for federal assistance has intensified. Several states have mitigated the impacts of decreasing federal funding by creating state funded programs for rail rehabilitation and acquisition projects. Montana has not been successful in its attempts to establish such a program.

TABLE 1-1
RAIL PROJECT FUNDING
STATE OF MONTANA

Federal FY	Federal* Entitlement	Non-Fed. Match	Total	National Discretionary Allocation	Discretionary Funds Rec'd	Non-Fed. Match	Total
1979	$ 627,976(1)	$156,994	$ 784,970	$	$	$	$
1980	3,247,688(1)	811,922	4,095,610				
1981	-0-	-0-	-0-				
1982	1,123,049(1)	481,307	1,604,356				
1983	649,473(1)	278,345	927,818				
1984	125,212(2)	157,656	282,868	2,500,000	-0-	-0-	-0-
1985	86,003(2)	69,847	155,850	10,000,000	250,000(2)	110,357	360,357
1986				9,570,000	300,000(2)	440,661	740,661
1987				7,500,000 (projected)			
1988				2,500,000 (projected)			

PR-MT-79-80-82
Repaid Loan Funds
Nearly $4 million in repaid loan funds from earlier rail projects have enabled the state to continue participating in select rail rehabilitation projects; however, all LRSA monies currently obligated are in the form of grants with no future repayment. Without additional funding, the future for Montana's rail planning program looks dismal.

* Federal Entitlement does not include planning monies.

(1) Expended

(2) Obligated under approved grant agreement

SOURCE: Montana Department of Commerce

PUBLIC PARTICIPATION

This element is specifically addressed in the federal regulations under CFR 266.15.(a). At a minimum, the state shall hold a public meeting provided there is sufficient public interest to justify a meeting. In addition, the state shall enable local and regional governmental bodies the opportunity to review and comment on the contents of the State Rail Plan and subsequent Updates and/or Supplements.

Public participation is an important element of Montana's Rail Planning process and is encouraged through a variety of ways, such as:

Rail User Surveys

The railroad users on the majority of the state's branch line system have participated in surveys enabling the state to develop a data base as well as gain a better understanding of what the rail users view as issues and/or concerns relating to rail transportation.

The rail users identified on the mainline and attendant branchlines analyzed in this Supplement were surveyed by Department personnel beginning in the Fall of 1986, and consisted of mail-outs and/or interviews in person or by telephone. A copy of the 1985 survey form can be found in Appendix B.

Review Process

As with most federally-funded studies, the 1984 Update was given a formal review in accordance with the State of Montana review process as per Executive Order 12372 "Intergovernmental

Review of Federal Programs." This Supplement will be given the same review in accordance with the above-referenced Order.

Public Hearings

Public Hearings were held in Helena on October 23, 1987, by the Montana Public Service Commission and in Missoula on November 5-7, 1987, by the Interstate Commerce Commission to address Montana Rail Link's purchase and lease of the "southern line."

Copies of the DRAFT were made available for review prior to the hearings. Changes made in the final publication are a result of public comments received verbally and in writing prior to the deadline for receiving comments.

Informal Public Participation

The Department encourages informal public participation on a daily basis ranging from answering questions and providing data to attending various railroad and shipper meetings.

Response to Federal Railroad Administration Comments

A response was to be made to unanswered FRA comments on previously submitted updates, revisions, amendments, or the original State Rail Plan, [Section 266.15(d)(2)(i)].

The State of Montana received Federal Railroad Administration (FRA) approval of the 1984 Montana Rail Plan Update on October 10, 1985. No comments were made requiring a response from the state.

CHAPTER 2

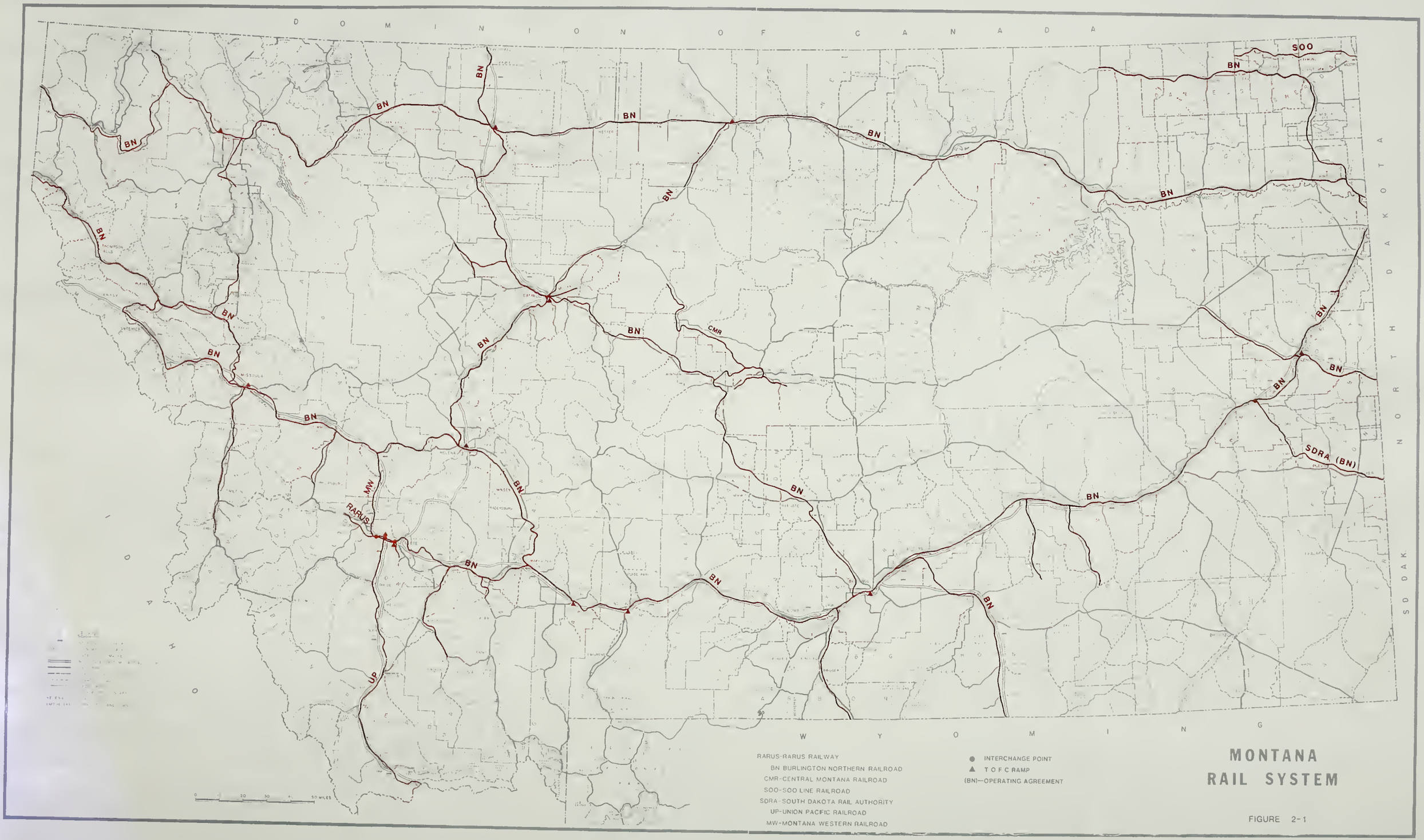
MONTANA RAIL SYSTEM

As of June, 1987, the Montana rail system has 3,400 route[1] miles of track operated primarily by three Class I carriers (railroads with gross operating revenues of over $50 million annually) and three Class III carriers (railroads with gross operating revenues of less than $10 million annually). The dominant carrier is BN which operates over ninety percent (90%) of the system covering all portions of the state. An overview of the total Montana rail system, as it exists today, is illustrated in Figure 2-1.

The following is a list of the railroads operating in Montana by class and their total mileage:

Class I Railroads	Mileage
Burlington Northern	3049.0[2]
Soo Line	56.9
Union Pacific	133.3
	3239.2
Class III Railroads	
Central Montana Rail	66.1
Montana Western	52.0
Rarus Railway	42.7
	160.8
Recreational Railroad	
Butte-Anaconda Historical Park and Railroad Corp.	11.76[3]

(1) Route miles do not include stations, side and yard tracks.
(2) Includes 78.6 miles owned by the South Dakota Rail Authority (SDRA) and operated by BN under a lease/purchase agreement.
(3) Do no calculate in total mileage; it is included in the mileage for Rarus since it operates over their track.



MONTANA RAIL SYSTEM

FIGURE 2-1

Montana Western Railway Co.

In August, 1986, two former Rarus Railway officials purchased the 52-mile Butte to Garrison line from BN. They named their company the Montana Western Railway Co. and began operations with 11 employees. They have increased that figure to 19. Their headquarters are located at 700½ Railroad Avenue in Butte, and John Greene serves as President of the company.

The shortline primarily serves as a bridge carrier between the Union Pacific (UP) at Silver Bow and the BN at Garrison. Among the commodities hauled are phosphate rock, fertilizer, lumber, grain and a variety of items out of the Port of Montana at Butte.

The company currently leases locomotives from Rarus Railway, which took over the Butte, Anaconda & Pacific Railway (BAP). Future Montana Western plans include the purchase of their own locomotives.

Butte-Anaconda Historical Park and Railroad Corporation (BAHP)

In an agreement dated May 11, 1987, Rarus Railway agreed to lease a portion of railroad line known as the Missoula Gulch, Butte Hill line to the newly formed and organized BAHP for operation of a recreational intrastate railroad while maintaining trackage rights to fulfill their common carrier obligation.

The subject line extends from Rocker to Badger mine located entirely in Silver Bow County. BAHP, headquartered in

Butte, began operating the portion of line extending from the Mining Museum to just short of the Kelly Mine, a distance of approximately two miles, in May, 1987. Future plans are to expand the route all the way to the old viewing stand overlooking the Berkeley Pit.

Initially the railroad is operating seven days a week from Memorial Day through Labor Day. Hourly tours begin at 10:00 a.m. with the last tour at 5:00 p.m. Further information can be obtained from the office headquarters located at 305 West Mercury in Butte.

ABANDONMENTS

Since 1979, 1,308 route miles have been abandoned by three carriers. The railroads attribute these abandonments primarily to declining profitability, declining traffic base and deteriorating line conditions. We feel this number would have been greater had there not been an abandonment moratorium placed on branchlines in 1984 as a result of a Settlement Agreement reached between the state and BN. Once the moratorium is lifted in September, 1987, we anticipate BN will continue its efforts to streamline its operation to that of a mainline system thereby seeking abandonments or selling off branchlines that do not generate enough revenue to maintain high rates of return on an individual line basis.

Table 2-1 identifies the rail lines abandoned and the year abandonment took place during the period 1979 through June, 1987.

TABLE 2-1
STATUS OF ABANDONED
RAILROAD LINES IN MONTANA
1979-1987*

* Through July, 1987

CARRIER	MILEAGE	YEAR
BURLINGTON NORTHERN		
Haugan - Wallace, ID**	19.30	1979
Glasgow AFB Spur	18.39	1981
Golva, ND - Carlyle	7.37	1981
Silesia - Red Lodge	34.52	1981
Livingston - Brisbin	8.91	1981
Montana City - Basin	34.19	1982
Sherryl Spur - Elephant	5.12	1982
Circle - Brockway	11.61	1983
Saco - Hogeland	77.45	1983
Hesper - Rapelje	38.16	1983
Choteau - Pendroy	21.41	1983
Big Sandy - Fort Benton	41.48	1983
Fromberg - Bridger	6.13	1983
Phosphate Spur	3.58	11/84
Lavin Spur	4.38	01/85
Newlon Jct. - Richey	45.38	02/85
Mission - Wilsall	22.96	07/85
Manhattan - Anceney	15.20	09/85
Brazil Creek Spur	18.26	04/87
	433.80	

** Total line was 39.04 miles; however, the Montana portion was 19.30 miles.

MILWAUKEE		
Abandoned all of their mainline and branchlines in Montana	1066.60***	1980
WHITE SULPHUR SPRINGS AND YELLOWSTONE PARK RAILROAD	22.90	
TOTAL	1523.30	

*** Of this total, 215.77 was purchased by other carriers (BN and SDRA).

SOURCE: Montana Department of Commerce

CHAPTER 3

RARUS RAILWAY COMPANY (RDM SIDING)

The 1984 Montana Rail Plan Update reviewed the status of the BAP (Chapter 5-49). On March 21, 1985, the BAP was transfered to State of Montana ownership under an agreement with ARCO, the state, and a newly formed short line operation titled Rarus Railway Company.

By agreement, the state assumed ownership of the 115 mile track and properties. Rarus received a lease purchase to the property and acquired the operating equipment, rolling stock, and several yard, maintenance and administration structures within Anaconda. Rarus assumed common carrier rights and resumed rail operations.

BAP characteristically was a company-supported subsidiary primarily sustained by the mining interests and traffic base at ARCO. ARCO totally shut down these operations in 1984 leaving the newly formed Rarus a very small but essential market center.

Through diligent effort, Rarus has promoted new rail uses including a major shipper, RDM Multi-Enterprises (RDM).

The MDOC, Transportation Division, is investigating the possibility of assisting Rarus in the construction of a rail siding to help stabilize the railroad's economic future.

This proposed project entails construction of 750 feet of rail siding to accommodate hopper cars used by RDM to load

shipments of slag at the RDM plant site which presently utilizes the Rarus main line as the primary loading site. (See Figure 3-1)

Rarus proposes to build this siding to eliminate main line rail traffic congestion, reduce operating costs, decrease the possibility of accidents, and enhance customer service.

CONSTRUCTION COSTS

The expense of constructing the new siding will be $43,120. These costs are tabulated in Table 3-1 and include only construction related costs.

RAIL SERVICE

Service on this line is provided one or two times per week from the Rarus yard in Anaconda. The status and issues concerning this line project are:

- The current service to customers in Butte and Silver Bow is compounded and interrupted by the RDM hopper cars spotted on the main line at the loading site.
- There is currently a complex procedure for switching the cars into the east Anaconda yard and returning the cars to the RDM loading site. These movements are tabulated in Table 3-2.
- The additional costs associated with this operation as it now stands amount to approximately $128,000 per year.
- The line is a light density line not presently

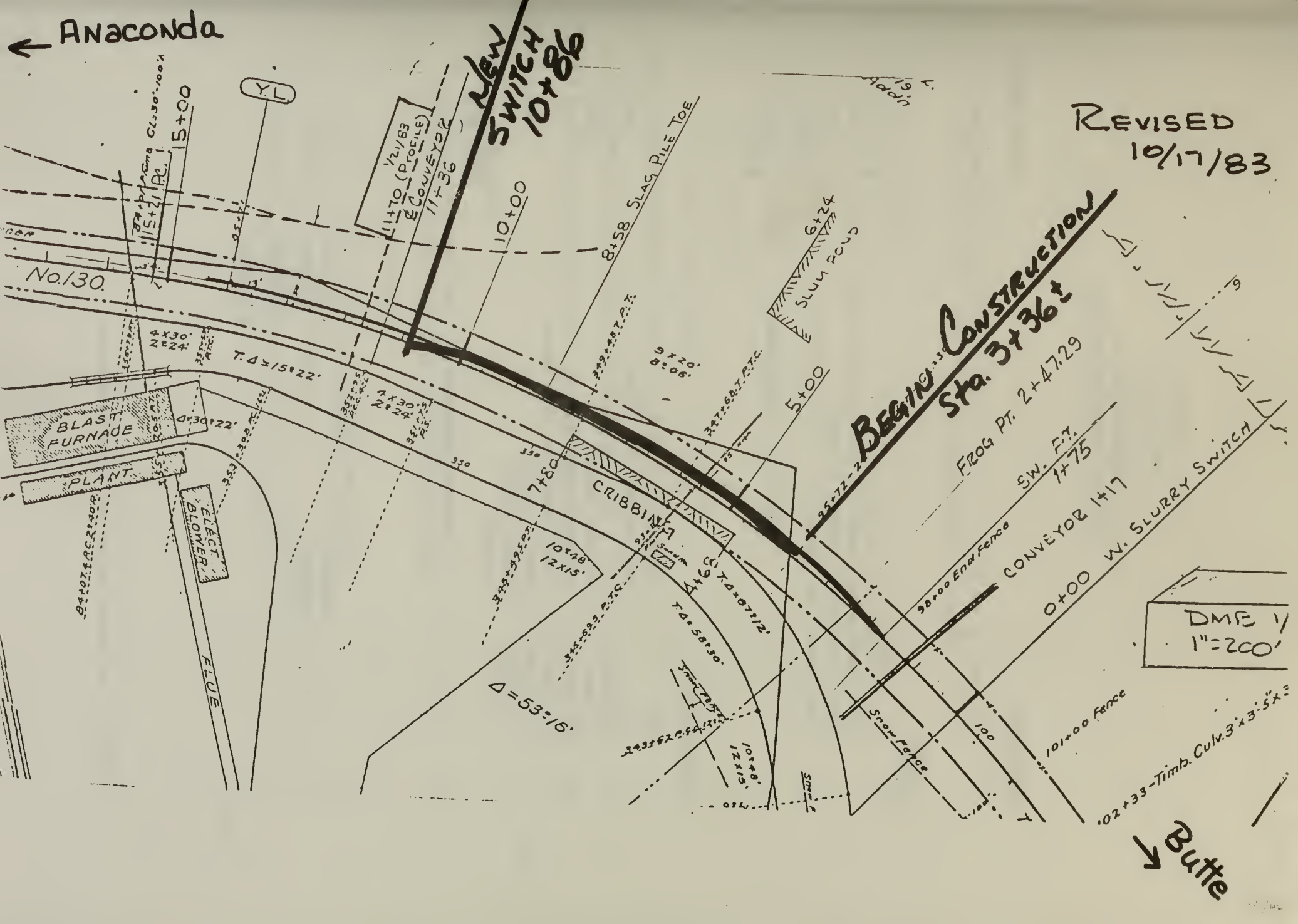

Anaconda
NEW SWITCH 10+86
REVISED 10/17/83
BEGIN CONSTRUCTION Sta. 3+36±
Frog Pt. 2+47.29
SW. F.T. 1+75
CONVEYOR 1+17
0+00 W. SLURRY SWITCH
No. 130
BLAST FURNACE
PLANT
ELECT. BLOWER
FLUE
CRIBBING
SLAG PILE TOE
SLUM FOUD
Δ=53°16'
Δ=15°22'
Δ=30°22'
Δ=67°12'
Δ=58°30'
Snow Fence
Butte

TABLE 3-1

RDM SIDING
CONSTRUCTION ESTIMATE

GRADING:

750 ft. @ $8/ft.	$ 6,000

LABOR:

Lay 750 ft. of Track	$ 2,700
Distribute Ballast	600
Line, Surface, Dress & Tamp	1,400
Construct One Switch	4,100
	$ 8,800
Fringe & Overhead	4,400
	$13,200

MATERIALS:

40	- 100# Rail, 26 Ton	$ 3,100
8	- Switch Rails, 5 Ton	600
418 pcs.	- 7 x 9 x 8' Ties	8,400
1 set	- Switch Ties	1,400
836 pcs.	- 100# Tie Plates	700
80 pcs.	- 100# Headfree Jt. Bars	200
7 kegs	- Track Spikes	600
2 kegs	- Track Bolts	200
1	- Switch	5,600
		$20,800
	Store Expense	3,120
		$23,920

TOTAL	
GRADING	$ 6,000
LABOR	13,200
MATERIAL	23,920
	$43,120

SOURCE: Montana Department of Commerce

TABLE 3-2

RDM SIDING
TIME AND MOTION STUDY

YARD WORK

Make Up Slag Train
Assume 5 Loads and 5 Mtys (Empties) at Plant

Without Siding:		Distance	Time
1.	Lite engine from yard to RDM plant	.5	5
2.	Walk train and couple cars	-	10
3.	Pull 10 cars to scale	1.0	10
4.	Cut off loads	-	5
5.	Pull mtys thru yard	.5	5
6.	Shove mtys to plant	1.5	15
7.	Lite engine back to scale	1.0	10
8.	After weighing line up for shipping	.4	10
		4.9 Mi.	1 Hr. 10 Min.

With Siding:			
1.	Lite engine from yard to RDM Plant 1.1 All cars will be in siding by RDM	.5	5
2.	Run to east switch	.2	1
3.	Grab 5 loads off east end, leave mtys	-	10
4.	Shove 5 loads to scale	1.2	12
5.	After weighing line up for shipping	.4	10
		2.3 Mi.	38 Min.

TABLE 3-2, Continued

SHIP DAY

No mtys back from Butte, respot Plant upon return.

Without Siding:		Distance	Time
1.	Spot caboose on west end of made up train in yard	.5	6
2.	Go to RDM Plant	1.4	15
3.	Walk train and couple cars	-	15
4.	Pull all cars to Yard Track 4	1.0	10
5.	Run thru yard and back to East end	1.4	10
6.	Grab made up train off shipping track	-	5
	6.1 Go to Butte and return lite*		
7.	Pull loads off Track 4, shove to scale track for weighing	.5	10
8.	After weighing line up on shipping track	.4	10
9.	Come out of shipping track (East end), run through yard, couple with mtys on Track 4	1.8	15
10.	Shove mtys to plant	1.5	15
11.	Run back to yard	.5	5
		9.0 Mi.	1 Hr. 56 Min.

* 33% of time a respot is required on the way to Butte which means respotting RDM Plant with all cars that were put on Track 4; requires a runaround of 1.8 miles plus 0.5 miles to plant - about 30 minutes. Upon return, all cars from RDM Plant are shoved into yard, 0.5 miles, 10 minutes.

Total - 2.8 miles, 40 minutes.

TABLE 3-2, Continued

With Siding:	Distance	Time
1. Spot caboose on west end of train on shipping track	.5	6
2, Grab made up train off shipping track	.9	5
2.1 Main line clear by RDM, therefore no need to go to RDM Plant		
2.2 Go to Butte and return lite		
3. Pick loads off east end of new track	-	5
3.1 RDM will respot themselves		
4. Shove to scale track for weighing	1.1	15
5. After weighing line up on shipping track	.4	10
	2.9 Mi.	41 Min.

TABLE 3-2, Continued

SHIP DAY

Mtys back from Butte, respot Plant upon return.

Without Siding:		Distance	Time
1.	Spot caboose on west end of made up train in yard	.5	6
2.	Go to RDM Plant	1.4	15
3.	Walk train and couple cars	-	15
4.	Pull all cars to Yard Track 4	1.0	10
5.	Run thru yard and back to East end	1.4	10
6.	Grab made up train off shipping track 6.1 Go to Butte and return with mtys*	-	5
7.	Set out caboose	-	5
8.	Pull mtys to scale from caboose spot	.3	5
9.	Take engine thru yard, return to East end and couple into loads on Track 4	1.8	10
10.	Pull loads off Track 4, shove to scale for weighing	.5	10
11.	After weighing, pull whole train off scale from East end	.5	5
12.	Cut out and spot loads on shipping track	.4	10
13.	Go in on Track 4 with mtys, couple with existing mtys	.4	10
14.	Come out and run around	1.8	15
15.	Shove mtys to plant	1.5	15
16.	Run back to yard	.5	5
		12.0 Mi.	2 Hrs. 31 Mi

* 33% of time a respot is required on the way to Butte which means respotting RDM Plant with all cars that were put on Track 4; requires a runaround of 1.8 miles plus 0.5 miles to plant - about 30 minutes. Upon return, all cars from RDM Plant are shoved into yard, 0.5 miles, 10 minutes.

Total - 2.8 miles, 40 minutes.

TABLE 3-2, Continued

With Siding:	Distance	Time
1. Spot caboose on west end of made up train in yard	.5	6
2. Grab made up train off shipping track	.9	5
2.1 Main line clear by RDM, therefore no need to go to RDM Plant		
2.2 Go to Butte and return with mtys		
3. Set out caboose	-	5
4. Pull mtys to scale from caboose spot	.3	5
5. After weighing, shove mtys to RDM Plant	.9	10
6. Go to east end of new siding, grab loads	.2	5
7. Shove loads to scale for weighing	1.2	10
8. After weighing line up on shipping track	.4	10
	4.4 Mi.	56 Min.

SOURCE: Montana Department of Commerce

subject to abandonment. The economic vitality of the line operator will be greatly improved by the proposed construction undertaking.

TRUCK TRAFFIC

Because of the nature, volume and destination of the commodity being shipped by RDM, truck traffic is not a viable alternative because of extra freight expenses incurred in transporting. The commodity simply could not move economically by truck.

ESTIMATED COST SAVINGS

The estimated annual operations cost savings are shown in Table 3-3. The total represents cost savings with the benefit of having the siding installed.

CONCLUSION

The benefit/cost ratio for this project is greater than 7.0 (see Table 3-4). This siding is essential to the unimproved economic future of Rarus and its customers. It is felt that if this project is undertaken, it will improve and stabilize rail traffic and service in southwestern Montana. Capital assistance is necessary because of the prohibitive costs of new siding construction.

TABLE 3-3

COST SAVINGS
RARUS RAILWAY COMPANY

				Time Saved With Siding
1.	Yard Work:	One Per Week 70 - 38	=	32 minutes
2.	Road Work: (No empties) Respot Plant	One Per Week 116 - 41 = 75 33% of 40 = 13	=	1 hr. 28 min.
3.	Road Work: (Empties) Respot Plant	Two Per Week (Maximum) 151 - 56 = 95 33% of 40 = 13 108 x 2	=	3 hrs. 36 min.

TOTAL SAVINGS
WITH SIDING 336 minutes
or
5.6 hours
x 48.22/hour
$270.03 per week
$1,170.13 per month x 12 = $14,041.56

Savings Per Year
RDM Multi-Enterprises, Inc.

60/80 Normal man hours/week totaling	$ 81,900
1 tank diesel fuel - 1000 gals/month	6,960
4-55 gallon drums of oil/month	12,000
Elimination of weekend work which constitutes overtime pay and additional fringe benefit costs/month.	27,000
	$127,860/Year in Savings

SOURCE: Montana Department of Commerce

TABLE 3-4

RDM SIDING

Net Present Value and Benefit Cost Ratio Calculation

Number of Years = 5 Discount Rate = 4.0 Percent

YEAR	SIDING COSTS	FTEDLDER* COSTS	TOTAL COSTS	PRESENT VALUE	SWITCHING BENEFITS	EFFICIENCY BENEFITS	TOTAL BENEFITS	PRESENT VALUE
1987	43.1	10.0	53.1	53.1	14.0	127.9	141.9	141.9
1988	0.0	10.0	10.0	9.6	14.0	127.9	141.9	136.4
1989	0.0	10.0	10.0	9.2	14.0	127.9	141.9	131.2
1990	0.0	10.0	10.0	8.9	14.0	127.9	141.9	126.1
1991	0.0	10.0	10.0	8.5	14.0	127.9	141.9	121.3
TOTAL	43.1	50.0	93.1	89.3	70.0	639.5	709.5	656.9

Benefit Cost Ratio = 7.35

Net Present Value = 567.6

Cost and Benefits in Thousands of Dollars

* Front-end loader

SOURCE: Montana Department of Commerce

CHAPTER 4

SPRING CREEK WYE
CENTRAL MONTANA RAIL

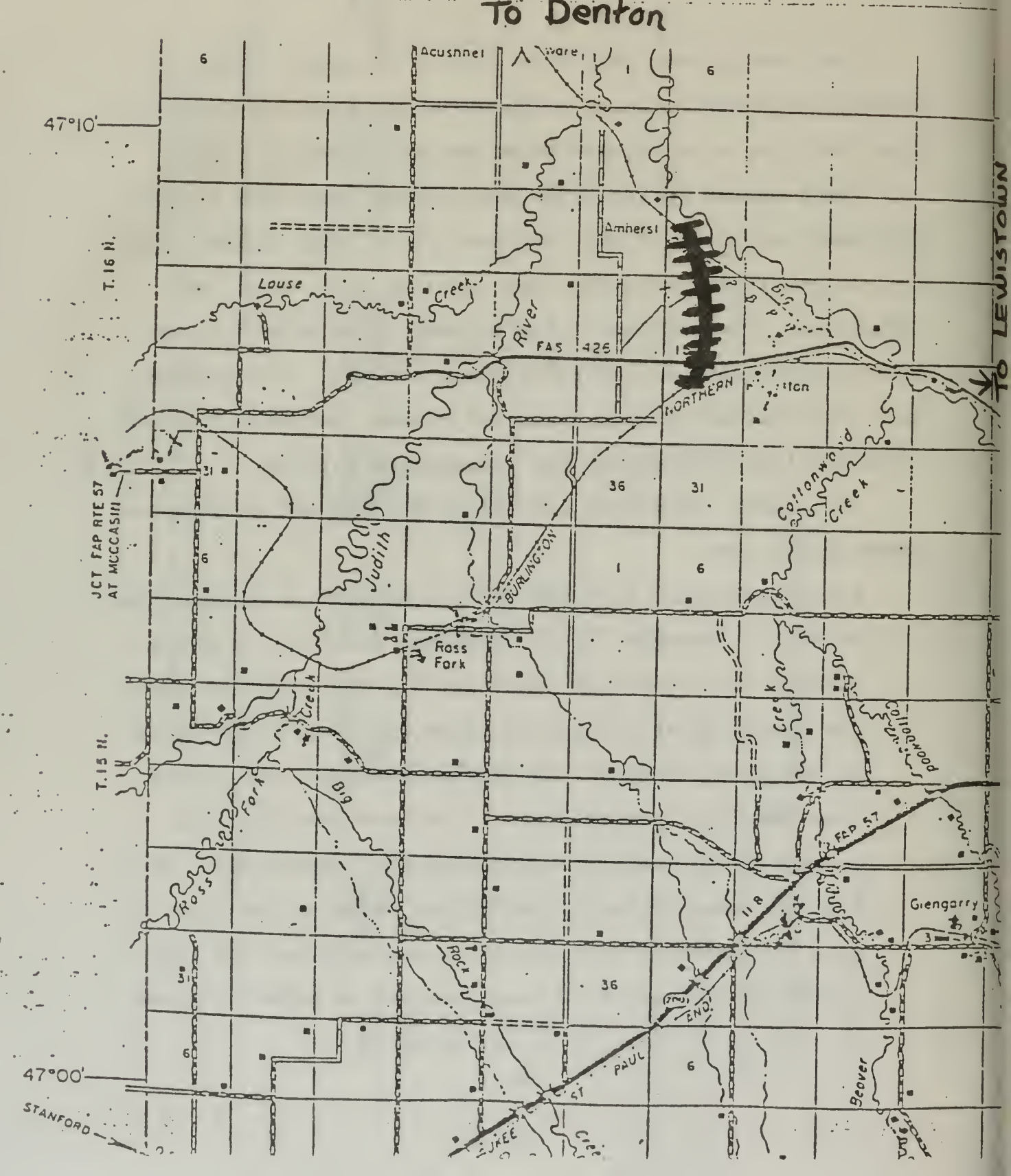
The 1984 Montana Rail Plan Update addressed various alternative rehabilitation projects on the Moccasin-Geraldine line including a wye construction project (Chapter 5-139).

The proposed Spring Creek Wye project addressed in this Supplement consists of the construction of approximately 4300 feet of new track connecting two existing rail lines, see Figure 4-1. The purpose of the project is to alleviate the need to rehabilitate the Spring Creek trestle. The project will also shorten running times for trains operating from the Geraldine line to Moccasin for interchange with BN.

The status and issues concerning the subject project are summarized below:

- Trains operating from CMR connect with BN at Spring Creek Junction. However, the interchange track is located at Hanover which makes it necessary for CMR trains to cross the Spring Creek trestle to reach the interchange track. BN has plans to turn this section of track over to CMR. When CMR gains control it will be necessary for them to take their traffic to Moccasin for interchange. Without the construction of the Spring Creek Wye project, it will be necessary to continue to maintain and use the Spring Creek trestle to reach Hanover in order to place

Exhibit 4-1


To Denton
To Lewistown
47°10'
47°00'
T. 16 N.
T. 15 N.
JCT FAP RTE 57
AT MCCASKILL
STANFORD
Louse Creek
Judith River
Big Ross Fork
Ross Fork Creek
Rock Creek
Collawood Creek
Cottonwood Creek
Beaver Creek
FAS 426
FAP 57
NORTHERN
BURLINGTON
ST PAUL
END
Glengarry
Amherst
Acushnet
Ware
6
1
36
31

locomotives on the headend of trains.

- The Spring Creek trestle is a 1,392 foot timber bridge over Spring Creek. The 87 span structure has a maximum height of 85 feet above the waterline and is built of untreated timber piles and framing. There are two fire-break steel spans and supporting towers located approximately at the third points of the structure. The upper portions of the trestle appear to be in good condition. The lower portions of support bents have been extensively remodeled to replace piles and timber framing that have deteriorated since construction in 1912 and rebuilding in 1931. Many posts are banded with steel strapping to avoid replacement of split timbers. Extensive rehabilitation was done on the structure by a private firm in 1970. It is recognized within the trade that rehabilitation of structures of this construction need major work every 15 years. BN estimated in ICC Docket No. AB-6 (Sub-No. 175F) that rehabilitation cost for the Spring Creek trestle, to support Cooper E60 live load or 263,000 pound loading, would be $700,000.

The construction of the Spring Creek wye would eliminate the Spring Creek trestle and its need for rehabilitation.

TIME SAVINGS

It is estimated that each crew will save at least one and one-half to two hours on any trip running from Denton to the Moccasin interchange and return. Their greatest benefit will

be for crews handling trains from the interchange through to Geraldine. One crew could run from Denton to Moccasin and return to Geraldine within the Federal Hours of Service for train and engine personnel of 12 hours.

Schedule without the Spring Creek Wye:

Denton - Home Terminal (initial terminal and air test)	:30
Denton - Hanover (25 miles)	1:20
Hanover (run around train and air test)	:45
Hanover - Moccasin (21 miles)	2:00
Moccasin Interchange (set out, pick up cars, and air test)	:45
Moccasin - Hanover (21 miles)	2:00
Hanover (run around train and air test)	:45
Hanover - Denton (25 miles)	1:20
Denton (set out and air test)	:30
Denton - Geraldine (41 miles)	2:10
Total	12 Hrs. 5 Min.

This schedule would violate the Federal Hours of Service for trains going through to Geraldine. The Spring Creek wye would eliminate the time at Hanover allowing the typical crew extra time in case of trouble to complete their assignment without violation.

Schedule with proposed Spring Creek Wye:

Denton - Home Terminal (initial terminal and air test)	:30
Denton - Spring Creek Wye (23 miles)	1:05
Spring Creek Wye - Moccasin (19 miles)	1:50
Moccasin Interchange (set out, pick up cars and air test)	:45
Moccasin - Spring Creek Wye (19 miles)	1:50
Spring Creek Wye - Denton (23 miles)	1:05
Denton (set out and air test)	:30
Denton - Geraldine (41 miles)	2:10
Total	9 Hrs. 45 Min.

Construction of the Spring Creek wye would save $200.00 in additional crew costs for each trip to Geraldine compared to maintaining the present operation.

CONSTRUCTION COSTS

The expense of constructing the wye will be $274,351. These costs are tabulated in Table 4-1 and include only construction related costs.

BENEFIT-COST RATIO

	New Const. Cost	Present Value	Old Route Operational Benefits	Salvage Benefits	P.V.
1987	229.4	220.58	-0-	9.1	8.75
1988	0.0		51.5		47.61
1989	0.0		51.5		45.78
1990	0.0		51.5		44.02
1991	0.0		51.5		42.33
1992	0.0		51.5		40.70
1993	0.0		51.5		39.14
1994	0.0		51.5		37.63
1995	0.0		51.5		36.18
1996	0.0		51.5	6.8	39.39
TOTAL		220.58			381.53

B/C Ratio 1.73
Net Present Value 168.11
All Figures in Thousands of Dollars

Assumptions for Operational Savings Benefits

1) $200 in crew savings would be generated for each one-way trip. Traffic projections are estimated at 1,250 carloads. Given 52 car unit trains, this equates to 24 trips (i.e., $\frac{1,250}{52} = 24$) 24 @ $200 per trip = $4,800 per year.

2) Bridge maintenance on a 15-year cycle is $700,000 (confirmed by Osmose Testing). Annualized bridge maintenance is $\frac{700,000}{15} = \$46,667$.

   This does not account for the 15 years of deferred maintenance that already exists, but projects an annual number which can be spread through the 10-year B/C period.

3) The new route is 6,260 feet (1.18 mi.) shorter and eliminates switching operations over a wooden tressel 1,392' long and 85' wide. In the same year as construction, the longer old route surplus could be salvaged producing a net of $9,100. At the end of the 10-year B/C period, the new construction would have a net salvage of $6,800.

4) Project construction cost is $45,000 lower than original calculation to reflect removal of land acquisition costs.

Source: Montana Department of Commerce

TABLE 4-1

SPRING CREEK WYE
CONSTRUCTION ESTIMATE

Spring Creek Wye Connection 4,300 ft.	
Engineering	$ 5,000
Land Purchase, 15 acres @ $3,000 acre	45,000
Grading, .814 mi., 37,267 cu. yd. @ $2	74,534
Culvert, 48" x 42'	3,700
Road Crossing	4,500
Crossties, #4 (.814 mi. x 3,250 mi.) @ $20 ea.	52,910
Tie Plates (.814 mi. x 6,500 mi.) @ 2.75 ea.	14,550
Spikes (.814 mi. x 13,000 mi.) @ .36 ea.	3,810
Rail (.814 mi. x 158.4 T. mi.) @ $175 ton	22,564
Joint Bars (.814 mi. x 320 mi.) @ $8 pr.	2,084
Bolts, Locks and Nuts (.814 mi. x 1,280 mi.) @ $2 ea.	2,084
Anchors (.814 mi. x 2,560 mi.) @ $1.15 ea.	2,396
Ballast (.814 mi. x 1,200 cu. yd. mi.) @ 5 cu. yd.	4,885
Lay Track and Distribute Material	12,000
Fence, 8,600 ft. @ $2.19 ft.	18,834
Surface, Line and Dress	5,500
Total Construction Cost	$274,351

SOURCE: Montana Department of Commerce 12-04-86

CONCLUSION

The benefit/cost ratio for this project is positive. In addition to the annual time and cost savings associated with this project, one can consider the positive impacts of crew safety and company liability exposure. This project will benefit this small railroad operation and provide long term security for continued rail service to communities dependent on rail transportation. It is recommended that this project receive federal funding.

CHAPTER 5

SOUTHERN MAINLINE
BURLINGTON NORTHERN

The southern mainline, commonly referred to as the "southern line," extends 627 miles from Mossmain (near Laurel) to Sandpoint, Idaho, as illustrated in Figure 5-1. This mileage includes the section between DeSmet and Dixon even though it is seldom used because the mountain grade requires additional locomotives on the westbound traffic. There is an additional 274 miles of attendant branchlines. The mileage reflects route miles only and does not include yards, stations, etc.

In the Fall of 1986, representatives from the Transportation Division, MDOC, conducted a rail user survey on the southern line including the branchlines Dixon-Polson; Missoula-Darby; Whitehall-Alder; Butte; and Deer Lodge. The results of the survey are contained herein and are used as part of an on-going study of the state's rail transportation network.

RAIL USE

Table 5-1 summarizes 1985 railroad use statistics. The southern mainline (including the aforementioned attendant branchlines) served 25 stations with 49 shippers. A total of 54,320 carloads were transported with nearly seventy percent (70%) being outbound lumber and wood products followed by paper

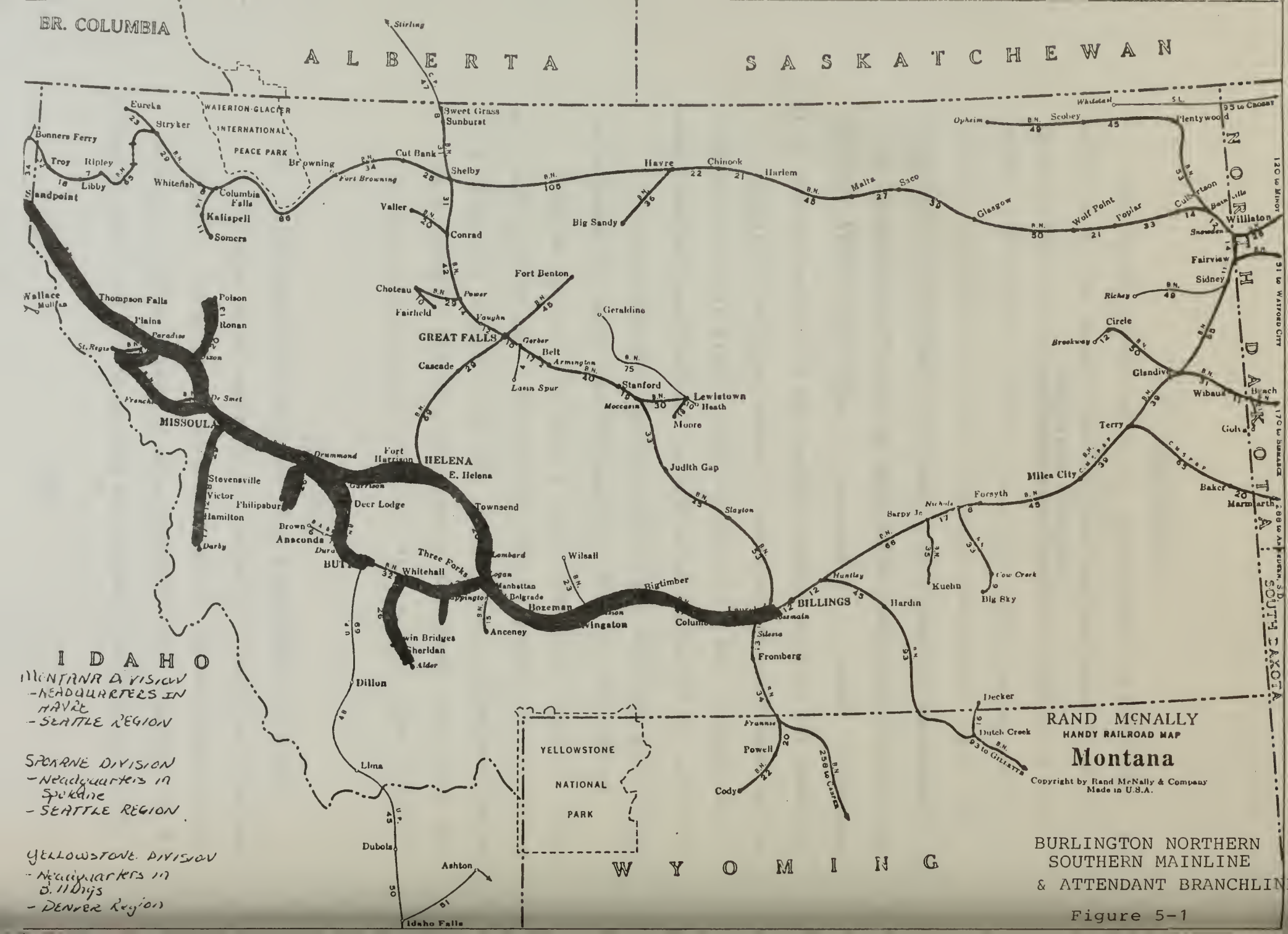

BR. COLUMBIA
ALBERTA
SASKATCHEWAN
IDAHO
WYOMING
NORTH DAKOTA
SOUTH DAKOTA
WATERTON-GLACIER INTERNATIONAL PEACE PARK
YELLOWSTONE NATIONAL PARK
Eureka
Stryker
Bonners Ferry
Troy
Ripley
Libby
Whitefish
Columbia Falls
Kalispell
Somers
Sandpoint
Browning
Cut Bank
Sweet Grass
Sunburst
Shelby
Valier
Conrad
Choteau
Fairfield
Fort Benton
Power
Fort Browning
Havre
Chinook
Harlem
Malta
Saco
Glasgow
Wolf Point
Poplar
Culbertson
Scobey
Opheim
Plentywood
Whitetail
Williston
Snowden
Fairview
Sidney
Richey
Big Sandy
Geraldine
GREAT FALLS
Gerber
Belt
Armington
Cascade
Fairfield
Fougher
Stanford
Lewistown
Heath
Moore
Judith Gap
Slayton
Roundup
Billings
Circle
Brockway
Glendive
Wibaux
Beach
Terry
Miles City
Forsyth
Baker
Marmarth
Wallace
Mullan
Thompson Falls
Plains
Paradise
St. Regis
Polson
Ronan
Dixon
De Smet
Frenchtown
MISSOULA
Drummond
Fort Harrison
HELENA
E. Helena
Townsend
Garrison
Deer Lodge
Stevensville
Victor
Philipsburg
Hamilton
Darby
Brown
Anaconda
Three Forks
Whitehall
Lombard
Logan
Manhattan
Belgrade
Bozeman
Wilsall
Livingston
Bigtimber
Columbus
Laurel
Anceney
Irwin Bridges
Sheridan
Alder
Dillon
Lima
Dubois
Ashton
Idaho Falls
Harlowton
Judith Gap
Lavina
Roundup
Musselshell
Melstone
Ryegate
Billings
Huntley
Hardin
Custer
Crow Creek
Big Sky
Kuehn
Barry Jc
Nichols
Forsyth
Fromberg
Silesia
Frannie
Powell
Cody
Decker
Dutch Creek
Ashland
Broadus
Alzada
Carter
Camp Crook
Buffalo
Gillette
Sheridan
Ranchester
Dayton
Parkman
Big Horn
Sheridan
Story
Banner
Acme
Kearney
Arvada
Clearmont
Moorcroft
Hulett
Aladdin
Sundance
Beulah
Hulett
Alva
Whitewood
Deadwood
Lead
Spearfish
Belle Fourche
Newell
Vale
Buffalo
Gillette
Wright
Edgemont
Hot Springs
Oelrichs
Chadron
Crawford
Harrison
Hemingford
Alliance
Bridgeport
Scottsbluff
Gering
Minatare
Mitchell
Morrill
Lyman
Henry
Bayard
Minatare
Scottsbluff
Gering

TABLE 5-1

RAILROAD USE STATISTICS - 1985

MOSSMAIN (NEAR LAUREL) - SANDPOINT, IDAHO
BN SOUTHERN MAINLINE

ORIGINATING/OUTBOUND

Station	Carloads Number	Carloads Percent	Tons Number	Tons Percent	STCC Code	STCC Commodity
Laurel	542	1.4	47,696	1.8	29	Petroleum and Coal Products
Livingston	2,912	7.4	169,520	6.2	24	Lumber and Wood Products
Bozeman	32	0.1	585	0.0	20	Food and Kindred Products
	1	0.0	93	0.0	01	Farm Products
	19	0.0	654	0.0	24	Lumber and Wood Products
Belgrade	138	0.4	13,378	0.5	01	Farm Products
	2,080	5.3	119,600	4.4	24	Lumber and Wood Products
Three Forks	756	2.0	50,635	1.9	14	Nonmetallic Minerals
	2,712	6.8	230,000	8.5	32	Stone and Concrete Products
Townsend	30	0.1	2,887	0.1	01	Farm Products
	102	0.3	9,404	0.3	14	Nonmetallic Minerals
	730	1.9	43,800	1.6	24	Lumber and Wood Products
Montana City	1,646	4.2	145,700	5.4	32	Stone and Concrete Products
East Helena	3	0.0	150	0.0	10	Metallic Ores
	1,763	4.5	164,027	6.0	28	Chemicals and Allied Products
Helena (Including Silver City)	913	2.3	60,760	2.2	24	Lumber and Wood Products

TABLE 5-1, Continued

ORIGINATING/OUTBOUND

Station	Carloads Number	Carloads Percent	Tons Number	Tons Percent	STCC Code	STCC Commodity
Alder	1,208	3.1	75,000	2.8	14	Nonmetallic Minerals
Garrison	2,560	6.5	253,440	9.3	14	Nonmetallic Minerals
Drummond	390	1.0	28,210	1.0	24	Lumber and Wood Products
Deer Lodge	1,196	3.0	65,780	2.4	24	Lumber and Wood Products
Butte	200	0.5	8,000	0.3	--	FAK Exports
Bonner	2,568	6.5	141,240	5.2	24	Lumber and Wood Products
Missoula	2,249	5.7	169,392	6.2	24	Lumber and Wood Products
	24	0.0	1,512	0.1	40	Waste and Scrap Materials
	750	1.9	67,500	2.5	--	FAK
	- No Information Divulged -				14	Nonmetallic Minerals
Frenchtown	10,720	27.2	667,620	24.6	26	Paper and Allied Products
Superior	457	1.2	27,439	1.0	24	Lumber and Wood Products
Plains	308	0.8	18,240	0.7	24	Lumber and Wood Products
Thompson Falls	1,175	3.0	72,664	2.7	24	Lumber and Wood Products
Pablo	600	1.5	33,000	1.2	24	Lumber and Wood Products
Darby	538	1.4	31,030	1.1	24	Lumber and Wood Products
TOTAL	39,322	100.0	2,718,956	100.0		

TABLE 5-1, Continued

TERMINATING/INBOUND

Station	Carloads Number	Carloads Percent	Tons Number	Tons Percent	STCC Code	STCC Commodity
Laurel	1,095	7.3	18,396	1.5	37	Transportation Equipment
	722	4.8	54,776	4.6	29	Petroleum and Coal Products
Bozeman	24	0.2	1,044	0.1	20	Food and Kindred Products
Belgrade	123	0.8	12,300	1.0	28	Chemicals and Allied Products
	94	0.6	6,500	0.5	01	Farm Products
Three Forks	5	0.0	375	0.0	32	Stone and Concrete Products
	450	3.0	45,000	3.9	11	Coal
Montana City	261	1.7	26,100	2.3	11	Coal
East Helena	26	0.2	1,188	0.1	10	Metallic Ores
	2,086	13.9	193,996	16.3	28	Chemicals and Allied Products
Helena	23	0.4	1,074	0.1	20	Food and Kindred Products
Butte	12	0.1	522	0.0	20	Food and Kindred Products
	100	0.7	4,000	0.3	--	FAK Imports
	50	0.3	2,500	0.2	30	Rubber
Missoula	518	3.4	48,680	4.2	28	Chemicals and Allied Products
	750	5.0	67,500	5.7	--	FAK - Freight of all Kinds
	48	0.3	2,088	0.1	20	Food and Kindred Products
	175	1.1	15,325	1.3	32	Stone and Concrete Products
	7,475	49.8	598,000	50.3	24	Lumber and Wood Products
Frenchtown	960	6.4	89,280	7.5	28	Chemicals and Allied Products
Ronan	1	0.0	100	0.0	28	"
TOTAL	14,998	100.0	1,188,744	100.0		

SOURCE: Montana Department of Commerce

products. The principal inbound traffic was lumber and wood products, mainly wood residues, followed by chemicals. Lumber and wood products are the major commodities of the local rail service with ninety percent (90%) shipped by rail. The customer dictates how their commodity is to be shipped. At the present time, because of contract rates and volume shipments, rail is the most economical mode.

Missoula was the busiest of the 25 stations followed by Frenchtown, Three Forks and East Helena. The shippers/receivers using the stations are listed in Table 5-2 along with their primary commodities shipped. Bear in mind that the numbers expressed herein do not represent the bridge (pass through) traffic estimated to be 12-14 trains (70-90 cars per train) per day.(1)

RAIL SERVICE

The BN serves this mainline on a daily basis at operating speeds ranging between 45-55 mph on the Laurel-Livingston segment and 20-55 mph between Livingston and Missoula. The branchlines range from 15-40 mph and are reported on the individual branchline analyses found in Chapter 6.

RAIL INVENTORY AND CONDITION

The results of a line inspection are shown in Table 5-3. Overall, the track is in excellent condition with the exception

(1) Estimates made by MDOC personnel.

TABLE 5-2

RAILROAD USERS

MOSSMAIN (NEAR LAUREL) - SANDPOINT, IDAHO
BN SOUTHERN MAINLINE

Station	Shippers	Siding[1]	Commodity
Laurel	Transport Storage & Dist.	T	Autos
	Cenex Refinery	P	Asphalt, Butane Propane
Livingston	Brand S Lumber	P	Lumber and Wood Products
Bozeman	Cardinal Distributing	P	Beer
	Cargill	L	Grain
	Idaho Pole Co.	P	Poles
Belgrade	Peavey Company	L	Grain
	Independent Grain Co.	T	Grain
	Plum Creek Lumber	P	Lumber and Wood Products
	Agriculture Basics (ConAgra)	T	Dry Fertilizer
	Agriculture Basis (Feed Store)	P	Feed and Seed
Alder	Cyprus Industrial Minerals	L	Talc Crude
Three Forks	Cyprus Industrial Minerals	P	Talc
Trident	Ideal Cement Company	P	Bricks, Coal and Cement
Townsend	Broadwater Grain & Supply	L	Grain
	Continental Lime	L*	Lime
	Townsend Timber Industries	L*	Lumber and Wood Products
Montana City	Kaiser Cement Company	P	Coal and Cement
East Helena	American Chemet Corp.	L	Metallic Ores
	ASARCO	P	Chemicals
Helena	Zeke's Distributing Co.	P	Beer
	Montana Dept. of Revenue	P	Liquor and Wine
Silver City	Champion Building Products	L	Lumber and Wood Products
Garrison	Cominco American	P	Phosphate

TABLE 5-2, Continued

Station	Shippers	Siding[1]	Commodity
Drummond	Long Tree Timber	P	Lumber and Wood Products
Deer Lodge	Louisiana Pacific Corp.	P	"
Butte	Thompson Distributing Co.	L	Beer
	Port of Montana	P, T	Rubber and Misc. Freight Shipments
Bonner	Champion Building Products	P	Lumber and Wood Products
Missoula	Borden Chemical Company	P	Chemicals
	Cascade West	L	Lumber and Wood Products
	Champion Int'l Corp.	P	"
	Missoula White Pine Sash Co.*	P	"
	Montana Recycling Company	P	Scrap
	Thatcher Chemical Co.*	?	Chemicals
	Tiger Tripp	L	Misc. Mdse.
	Zip Beverage, Inc.	T	Beer
	Lehigh Portland Cement	L	Cement
	Louisiana Pacific Corp.	P	Particleboard
	Montana Barite Co.*	P	Barite
	Stone Container Corp. (Forest Division)	P	Wood Products
Frenchtown	Stone Container Corp. (Paper Manufacturer)	P	Paper, Wood Products and Chemicals
Superior	D.A.W. Forest Products	L	Lumber and Wood Products
Plains	Flodin Bryce Lumber Co.	P	"
Thompson Falls	W.I. Forest Products	P	"
Pablo	Plum Creek Lumber Co.	P	"
Ronan	Cenex/Co-Op and Supply, Inc.	?	Fertilizer

TABLE 5-2, Continued

Station	Shippers	Siding[1]	Commodity
Darby	Darby Lumber Co.	P	Lumber and Wood Products
	Stoltze-Conner Lumber Co.	P	"

[1] P - Private Siding on Premises
L - Leased Siding on Premises
L* - Leased Siding not located on Premises
T - Team Track

* Would not divulge information on freight shipments

SOURCE: Montana Department of Commerce

TABLE 5-3

LINE FACILITIES CONDITION
Laurel to Montana/Idaho Border
BN Southern Mainline

Mainline Miles	- 632.1 Miles
Rail	- Most sections have 115# continuous welded rail with 132# in scattered locations. Few locations have jointed rail with 36" 6 hole bars. Rail has been ground to maintain profile. Rail is in good condition.
Ties	- Treated mixed hardwoods and softwoods with less than 10 percent defective.
Tie Plates and Rail Anchors	- 100 percent platted with double shoulder plates; adequate anchors have been applied generally in a box pattern. Rail does not appear to be moving.
Ballast	- Crushed rock tamped providing good surface.
Bridges	- All bridges appear to be in good condition.
Road Crossings	- Most road crossings are in good condition with a few that are slightly rough.
Roadbed/ Ditching	- Generally adequate with very little standing water.
Vegetation	- Ballast section is clear with some noxious weeds observed in right-of-way.
Timetable Speed	- Varies up to 55 mph.
Overall Condition	- Good to excellent.

of the Mullen tunnel which was built on a fault line and requires more than the usual maintenance. Note that the inventory is for the southern line only and does not provide the line conditions on the attendant branchlines. Please refer to the 1984 Montana Rail Plan Update for this information.

PURPOSE AND METHODOLOGY

The evaluation of the southern line data is somewhat unique. Unlike the branchline analyses addressed in previous editions of the Rail Plan, this high-density, well-maintained mainline is ineligible for federal assistance under the LRSA program, and is not a candidate for abandonment.

The purpose of the study is twofold: One, for the Department to gain a better understanding of the mainline system as it exists today and second, to provide this information to shippers, potential shippers, the business community and other interested parties.

This task has been accomplished through rail shipper questionnaires, track inspections, limited station data and BN's timetables. A current assessment of the entire line has enabled the Department to identify traffic levels, both originating and terminating. While the local traffic levels range from 14,998 cars inbound to 39,322 cars outbound, the principal use of the southern line is for transporting overhead traffic carrying a wide variety of commodities between the Northwest Coast and the Midwest.

Unfortunately, we were unable to obtain specific data from

BN relating to station and mainline account data, rehabilitation/investment costs associated with the line, and operating patterns that would have enabled us to conduct a more thorough analysis.

With the numerous news articles circulating throughout the state regarding the sale of the southern mainline, it seems an appropriate time to evaluate the potential impacts the sale would have on the communities served along the southern route. The "southern line" has been the subject of many articles indicating the line is for sale. BN has been negotiating with Missoula industrialist, Dennis Washington, who has formed Montana Rail Link, Inc. (MRL) and is in the process of buying the line from Huntley, Montana, to Sandpoint, Idaho.

While the state does not necessarily oppose such a sale, it is important that the terms of the sale agreement be in the best interest of Montana shippers and Montana's economy in general, bearing in mind that reliable, efficient, cost-competitive rail service is essential to the state.

The agreement provides for MRL to lease the mainline until the underlying mortgages have been paid, at which time MRL will have an option to purchase the line. Additionally, MRL will purchase approximately 222 route miles of BN's branchlines from Missoula to Darby; Dixon to Polson; Sappington to Harrison; Whitehall to Alder; Helena to Montana City; and Logan to Whitehall. The buyer will have the right to acquire the Phillipsburg to Drummond line if the state does not exercise certain rights to purchase the property. MRL will also have

trackage rights from Phosphate to Helena and Sandpoint to Spokane, Washington. A map of the subject rail properties can be found on Figure 5-2. The branchlines, the Livingston Shop, and all operating assets and personal property necessary to operate the line will be acquired for cash. MRL will assume operation of the line prior to the end of the year (1987).

The state and shippers are worried about changes in their service that could result from the sale. Service to shippers could be curtailed or changed immeasurably, markets could be closed, effective competition could be stymied, and predatory pricing and practices could occur if proper sale conditions are not provided. The sale could also erode the tax base causing higher taxes for each remaining taxpayer.

The economic impact of the sale could mean loss of jobs resulting in loss of income to local businesses. BN employs approximately 900 workers on the subject line representing 14 counties, and there is genuine concern they could be laid off or face drastic pay reductions because of the sale. Before a sale is consummated, both BN and the buyer will have to discuss how labor issues are to be resolved.

While the state, particularly the MDOC, is concerned about the competitive impacts of the sale, there are benefits to having a locally owned rail line serving the state. But, it is possible that the terms of the sale may keep BN in control of the traffic moving over the southern line with no new opportunities in the competitive nature of rail service for Montana shippers.

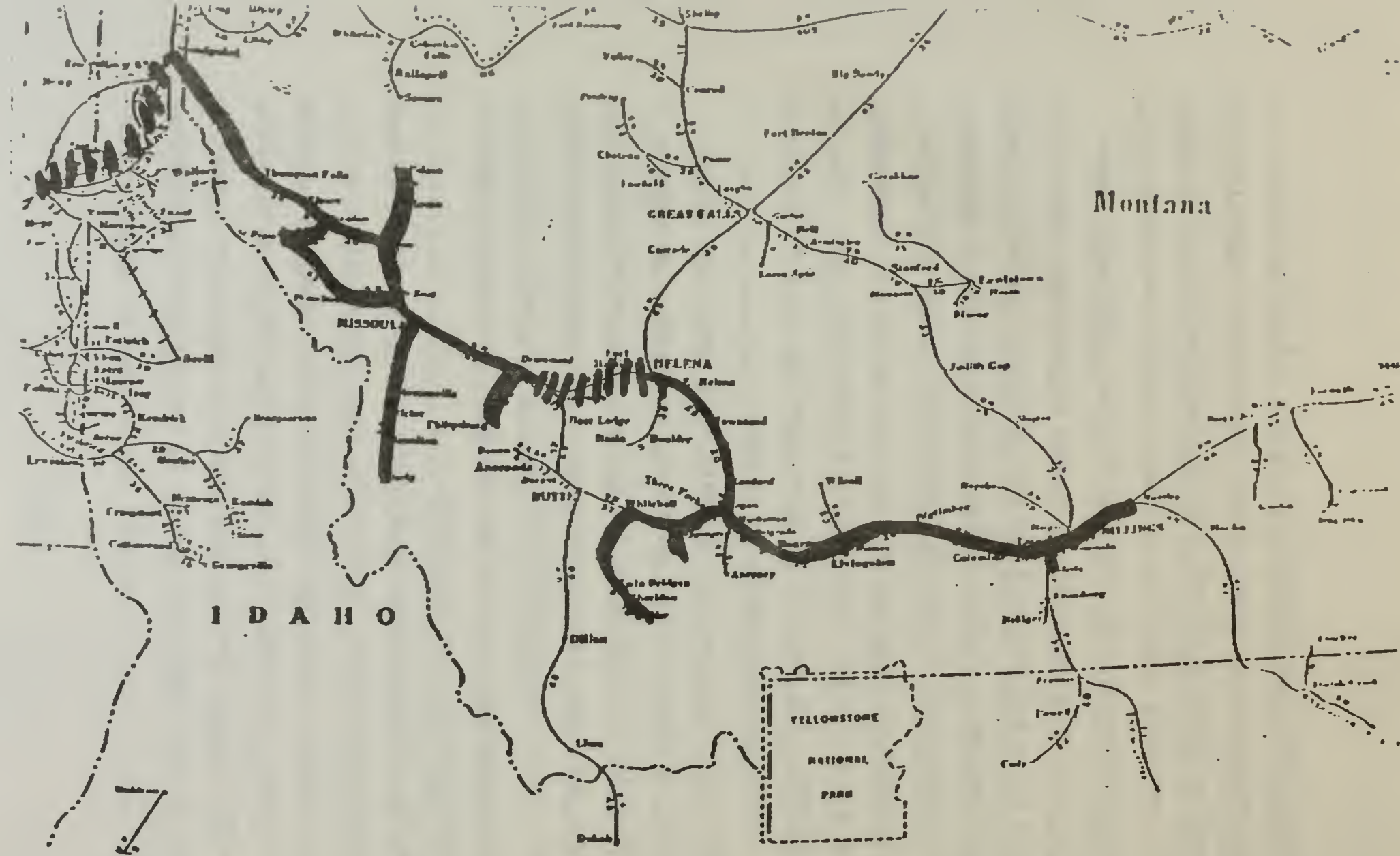


FIGURE 5-2

MONTANA RAIL LINK, INC.

Rail Line

Trackage Rights

All of these concerns have been aired before the courts and the Interstate Commerce Commission (ICC) by labor unions, the MDOC, the Public Service Commission (PSC) and the Montana Congressional Delegation. The only thing that is clear at this point is that MRL and BN may have several legal and regulatory issues to resolve before the sale is complete.

Also, in response to concerns over the current deregulated rail line sale environment, national legislation was introduced in Congress to protect the interests of Montana and other states involved in rail line sales. One bill, H.R. 1471, introduced by Representative Pat Williams, would require BN to sell, along with the rail line, the land grant property associated with its rail operations. The bill would affect all proposed sales of transcontinental railroads constructed on lands granted by the public with bonds still outstanding. Representative Ron Marlenee is working on legislation permitting more time to examine the issues involved in a rail line sale. The bill, H.R. 1128, would establish an 18-month moratorium on all line sales in Montana. This would allow time for interested parties to resolve such issues as what liability the buyer would be accepting through the sale, and how labor protection would be provided for shippers and employees. Senator Max Baucus introduced S. 816, a bill that would require the buyer and seller of a shortline to send their sale application to the state government which would have 30 days to review the material and protest the sale to the ICC if they feel it is not in their best interest. This would not necessarily halt a

sale, but it would require the ICC to more fully review the terms of the sale. These bills are currently awaiting or scheduled for committee hearings.

The proposed sale of the BN southern line is a prime example of what is going on throughout the nation with Class I carriers. Increasingly, major railroads are divesting themselves of local freight traffic and are concentrating more on the bridge and high volume traffic. Because of their concern over the effects of these spin-offs by Class I carriers on Montana, the Montana Legislature (50th Session) passed House Bill 861 (Chapter 653, Session Laws of Montana, 1987) which requires the seller and buyer of a rail line to provide 30 days notice of the sale of a rail line including a narrative description of the terms of the sale.

As of this writing, BN's sale of its 52-mile Butte-Garrison line to the newly created Montana Western is the first spin-off sale in Montana. The lack of knowledge or understanding of this sale left shippers, employees and the state in a quandary, and, coupled with the rumors of the southern line sale, prompted not only the introduction of national legislation but the passage of state legislation, H.B. 861.

CONCLUSION

Continued rail service on the southern line is essential to the economic well being of the state. Whether the line will be the subject of a spin-off sale by BN is not the key issue here. More important is having safe, sound, reliable and

affordable rail service over this line regardless of who the operator is.

Shortlines have shown potential for providing better service for local shippers. They have a lower cost base and can operate with favorable wage and work rule agreements. Communities could benefit as well. A shortline operator, particularly a local one, may be more willing to provide extra service and by cutting costs and boosting service, an increase in rail transportation is possible.

CHAPTER 6

LINE ANALYSIS

This chapter contains the analyses of the southern mainline's attendant branchlines based on 1985 shipper data. With the exception of the Butte-Whitehall line, MRL will operate the lines addressed in this chapter as well as the DeSmet-Paradise and Helena-Montana City lines. The branchlines were analyzed in the 1984 Rail Plan Update and are addressed here to provide the reader with a brief summary of the current status of the line and do not represent a detailed branchline analysis.

WHITEHALL-ALDER

Carrier:	Burlington Northern
Counties:	Jefferson, Madison
Length:	45.6 miles
Operating Speed:	Between 15 and 40 mph
ICC Category:	5
Number of Stations:	1
Number of Shippers:	1
Trips per Week:	2
Carloads per Week:	23.23
Carloads per Mile:	26.49

In 1985 the major railroad user on the line was a talc and chloride mining company which shipped out of Alder. As of February 1, 1987, all rail traffic was terminated due to the relocation of the company's crude talc loading facility to Three Forks. The raw talc is transported by truck from the mines to Alder for processing (coarse sorting operations).

Further refinement is done at the Three Forks facilities after coarse talc materials are trucked from the Alder plant. The talc is shipped from the mainline at Three Forks in marble sized pieces in covered hoppers destined to the export market and various other U.S. destinations.

The company has incurred additional trucking costs although they are offset by the lower rail rates available on the mainline.

Regarding future branchline rail service, at this time there is only one possible originating shipper, a small talc mining company that shipped a small amount of talc in the early 1980's. The company was negotiating with BN on contract rates to the mainline prior to the sale agreement reached between BN and MRL.

The 1984 Update shows that 12 cars of fertilizer and machinery terminated on the line and no inbound/terminating traffic was reported for 1985.

Currently the line is classified on the ICC System Diagram Map as Category 5 which means it is a light density line and abandonment is not presently contemplated by the owning railroad. However, we anticipate that with the closure of the talc loading facility at Alder, an abandonment application may be filed by the BN. If and when MRL obtains this line a decision will be made on its future status.

MISSOULA-DARBY

Carrier:	Burlington Northern
Counties:	Missoula, Ravalli
Length:	65.9 miles
Operating Speed:	25 mph
ICC Category:	5
Number of Stations:	1
Number of Shippers:	2
Carloads per Week:	10.35
Carloads per Mile:	8.17
Trips per Week:	1

Of the seven rail users interviewed for the 1984 Rail Plan Update, only two continue to use this branchline on a regular basis. These rail users are both lumber companies located at the end of the line in Darby. It is predicted that as long as rail service is provided these shippers will continue to utilize rail because long distance transportation of lumber by rail remains the most economical, convenient and energy-efficient mode of moving large quantities of this bulk commodity.

In recent years, rail rates have been more favorable than the truck rates. However, the depressed lumber industry has had a negative impact on the rail volume generated on this line. It appears very likely that the line could be a candidate for abandonment. If rail service were discontinued, the lumber and wood products shippers would be forced to truck to a regional transload facility and then ship by rail to accommodate the customers' request.

Occasional shipments of fertilizer and feed are received by stations on this line but no shipments were reported in 1985

indicating that these shippers may have already made the transition to trucks. As with all of the branchlines included in the potential sale to MRL, this line faces an uncertain future.

DIXON-POLSON

Carrier:	Burlington Northern
Counties:	Sanders, Lake
Length:	33.4 miles
Operating Speed:	25 mph
ICC Category:	5
Number of Stations:	2
Number of Shippers:	2
Carloads per Week:	11.6
Carloads per Mile:	18.1
Trips per Week:	2

This 33-mile line was analyzed in the 1984 Rail Plan Update as a Category 5 branchline and that designation remains unchanged.

The majority of traffic generated along this line consisted primarily of lumber and wood products and was transported by rail from a lone shipper in Pablo.

A very limited amount of fertilizer was shipped by rail into Ronan for distribution to area farmers. While the shippers agree that rail is more convenient, the lower rates and faster service provided by the truckers on bulk fertilizer shipments makes trucking an attractive alternative. Furthermore, since trucks characteristically handle smaller volumes, the shipper has less money tied up in inventory costs which is beneficial to businesses struggling to survive in today's economy.

For lumber and wood products, rail rates are currently lower than truck rates. Since the customer dictates how a commodity is to be shipped, with the lower rail freight rates it is predictable that rail shipments will prevail.

This line is included in the proposed sale to MRL and as of this writing we are uncertain of its future status.

The following section describes previously studied lines and reports any changes since the time of the original analysis.

Sappington to Harrison - BNRR, 9.08 miles

This line, previously classified as Category 1 in the 1984 Update, has been restored to Category 5 (no immediate abandonment plans). This change is somewhat misleading because there has been very little traffic generated over the line in the past five years and that trend is not expected to change in the future. There is speculation that the reclassification is tied to the proposed sale of the southern line.

Three Forks to Whitehall - BNRR, 31.7 miles

This line was designated a Category 5 line in the 1984 Rail Plan Update and the designation remains unchanged. The majority of the traffic originated on the Whitehall to Alder branchline, but with the relocation of the major shipper to Three Forks traffic volumes on this segment will be reduced. The line was occasionally used to carry oversize loads via Butte since this route has fewer clearance restrictions than BN's more heavily used mainlines, but this unique character has not generated the traffic necessary to maintain rail service.

One positive move has been the 1985 construction of a large talc mining and processing plant at Sappington that began operating in 1986 with local rail service provided by BN out of Three Forks.

If and when MRL obtains this line, a decision will be made on its future status.

Whitehall to Butte - BNRR, 28.80 miles

This line was analyzed in the 1984 Rail Plan Update as a Category 1 line. It is currently classified as Category 5 due to the 1984 BN/State Settlement Agreement in which the railroad has agreed not to apply for abandonment prior to September, 1987.

There has been no originating and terminating traffic attributed to the line since 1976, and only occasional use of the line for oversize loads that are restricted on other routes, particularly via Helena.

The state has the option of purchasing the line at net salvage value estimated to be $1,182,200, for a period of time ending September 5, 1987. As of this writing, the state has not made a commitment to purchase the line.

Drummond to Phillipsburg - BNRR, 26.25 miles

This Category 5 branchline is presently protected by the abandonment moratorium which explains the category status number. The line has not been in service for several years due to business closures and later, a derailment which damaged the track. The moratorium will be lifted in September, 1987, and we predict at that time the line will be a likely candidate for

abandonment.

Under the terms of the 1984 Settlement Agreement addressed earlier in the text, the state has the option of purchasing the line at net salvage value estimated to be $921,300. MRL will have the right to acquire this branchline if the state does not purchase it by the September deadline.

APPENDIX A

FREQUENTLY USED ABBREVIATIONS & DEFINITIONS

MDOC	Montana Department of Commerce
CMR	Central Montana Rail
BN	Burlington Northern Railroad
LRSA	Local Rail Service Assistance
FRA	Federal Railroad Administration
UP	Union Pacific Railroad
BAP	Butte, Anaconda & Pacific Railway
BAHP	Butte-Anaconda Historical Park & Railroad Corporation
SDRA	South Dakota Rail Authority
ARCO	Atlantic Richfield Company
RDM	RDM Multi-Enterprises Inc.
MRL	Montana Rail Link, Inc.
ICC	Interstate Commerce Commission
PSC	Public Service Commission

Category 1 -- lines which the carrier will seek to abandon within three years from the date the System Diagram Map is filed with the ICC

Category 2 -- lines for which an abandonment application is pending before the ICC on the date upon which the Diagram Map is filed with the ICC

Category 3 -- all other lines which the carrier owns and operates, directly or indirectly

APPENDIX B

1985

MONTANA RAIL PLAN

Railroad User Survey

Station Location _____

Line _____

Railroad _____

Interview Date _____

Interviewer's Name _____

ALL REPLIES WILL BE TREATED AS CONFIDENTIAL

I. INTERVIEWED COMPANY

Company Name _____

Type of Business _____

Mailing Address _____

Representative _____ Title _____

Telephone _____ No. Employees at this Location _____

1985 Annual Payroll at this Location _____

II. RAIL TRANSPORTATION USE:

1. 1985 Rail Transportation Use:

Inbound	Outbound	Commodity	Rail Carloads	Tons	Car Type	# of Tons By Truck	Origin/Destination	Rate/ Tariff

2. In terms of rail volume, was 1985 a typical year?_____

If no, explain: _____

_____

If answer is no, plese furnish rail/truck traffic information for a typical year in the space below. Specify year: _____

Inbound	Outbound	Commodity	Rail Carloads	Rail Tons	Car Type	# of Tons By Truck	Origin/Destination	Rate/ Tariff

3. Future Rail Transportation Use:

a. Do you expect your rail usage to increase or decrease over the next five years compared with the stated 1985 volume?_____

b. What volume of change is expected?_____

c. Why do you expect it to change?_____

4. Rail Service Problems and Opportunities:

a. Please explain any current and/or anticipated rail transportation problems/issues (beneficial and adverse) that could have potential impact upon your business (corporate consolidations, hazardous materials, industrial development, car supply, car type or weight limitations, service frequency, grade-crossing problems, rate changes, future stability, etc.):_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

b. Would solutions to any of these problems result in greater rail use on your part?_____

If so, how much and why? _____

_____

_____

_____

_____

_____

c. Current rail service frequency. _____

III. RAIL LOADING/UNLOADING FACILITIES

1. Is the Track used to Load/Unload Cars a:

a. Private siding at business location _____

b. Leased siding at business location _____

c. Team track _____

d. Siding not located at business _____, specify:

1. Location (distance from business) _____

2. Type (private, leased, team) _____

2. How Many Rail Cars will the Siding Accommodate? _____

3. Do you expect to make any changes to your siding or your rail facilities? _____

What changes and why? _____

_____

_____

IV. SHIPPER'S SPECIAL FACILITIES

1. What special facilities (platforms, doors, etc.) and equipment (fork lifts, etc.) do you now have for shipping? _____

_____

Are these facilities exclusive for truck or rail? _____

_____

Are these facilities and equipment now at capacity? Explain.

_____

_____

_____

_____

2. Please describe any unusual aspects of your traffic generation or needs such as seasonal variations, high and wide shipments, special equipment requirements, etc. _____

_____

_____

_____

_____

3. Why do you use rail? Could that rail traffic move by truck?

_____

_____

_____

THE FOLLOWING QUESTIONS DO NOT IMPLY THAT RAIL SERVICE TO THIS LOCATION WILL BE DISCONTINUED. WE ARE ATTEMPTING TO QUANTIFY THE IMPORTANCE OF RAIL SERVICE TO EACH COMMUNITY.

V. IF RAIL FREIGHT SERVICE WERE DISCONTINUED ON THIS RAIL LINE:

1. If rail service were discontinued, your company might: (indicate the choice that applies)

____ Ship/receive present rail freight entirely by truck.

____ Use another rail station and truck to this location.

Location of alternate station _____

Railroad serving alternate station _____

____ Relocate this facility. New location _____

____ Go out of business and not relocate.

____ Other. Describe. _____

_____

2. What increase or decrease in employment and payroll would occur at this location if rail service were discontinued? _____

_____

3. If rail service were discontinued, what capital expenditures would be required to accommodate the use of trucks to ship commodities now moved by rail? _____

_____

4. If rail service were discontinued, would your transportation costs increase? _____

By how much? (Specify ton, bushel, etc.) _____

_____

_____

5. If you have additional comments regarding the rail line, rail services, etc., please note them here. _____

_____

_____

_____

_____

_____

_____

_____

_____

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